

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Nadia Naimou
2840 Arrowwood Court
Sterling Heights, MI 48314

Enforcement Case No. 07-5033

Respondent

Issued and entered,
on 31 July 2007
by Frances K. Wallace,
Chief Deputy Commissioner

CONSENT ORDER

I.
BACKGROUND

General Mortgage, Inc. is a Michigan domiciled corporation, organized under the laws of the state of Michigan, that has made applications for licensure as a mortgage broker and lender under the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.*, and a registration under the Secondary Mortgage Loan Act, Act No. 125 of 1981, as amended, MCL 493.51 *et seq.* Nadia Naimou ("Respondent") is the sole officer/director/shareholder of General Mortgage, Inc. Respondent is not presently licensed by the Office of Financial and Insurance Services ("OFIS") pursuant to the MBLSLA or any other consumer finance statute regulated by OFIS. In reviewing General Mortgage, Inc.'s application, OFIS staff determined that Respondent was already conducting

mortgage-related activities, which require licensure as a mortgage broker under the MBLSLA. Respondent and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. In a Personal Disclosure Statement submitted to OFIS by General Mortgage, Inc. on or about September 25, 2006, Respondent indicates that she is currently a loan officer for a licensee, 1st Choice Mortgage, Inc. (1st Choice Mortgage). As a loan officer, Respondent originates loans for 1st Choice Mortgage. Contrary to Respondent's assertion that she is an employee of 1st Choice Mortgage, Respondent is an independent contractor. In fact, Respondent received nonemployee compensation in the amount of \$82,269.52 in 2005 and \$26,546.44 in 2006 from 1st Choice Mortgage.

2. Section 2 of the MBLSLA proscribes Respondent from receiving compensation from 1st Choice Mortgage unless she is solely performing services as an employee of 1st Choice Mortgage, or meets any of the exceptions enumerated in Section 2 of the MBLSLA. Respondent does not meet any of exceptions specified in Section 2 of the MBLSLA and, consequently, Respondent's receipt of nonemployee compensation for originating mortgage loans is a violation of the MBLSLA.

3. Section 2(1) of the MBLSLA prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

4. Section 2(3) of the MBLSLA prohibits a residential mortgage loan originator (also known as a loan officer) from receiving directly or indirectly any compensation, commission, fee, points or other remuneration from a mortgage broker, mortgage lender, or mortgage servicer other than his/her employer.

5. Based on the forgoing, Respondent has conducted business as a loan originator without the requisite license or registration certificate required under Section 2 of the MBLSLA.

III. ORDER

It is ORDERED that:

1. Respondent shall cease and desist violating Section 2 of the MBLSLA.
2. Respondent shall pay to OFIS an applicable civil penalty of \$1,000.00. The fine shall be paid within 30 days of the date of entry of this Order.
3. Respondent, as the sole officer/director/shareholder of General Mortgage, Inc., shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all mortgage activity conducted by General Mortgage, Inc.
4. Respondent, as the sole officer/director/shareholder of General Mortgage, Inc., shall educate herself and all employees of General Mortgage, Inc. with respect to all state and federal consumer laws and regulations, including the Mortgage Brokers, Lenders, and Servicers Licensing Act.
5. Respondent shall review and ensure that General Mortgage, Inc. complies with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS's position on employees and branch offices in Michigan.
6. Respondent, as the sole officer/director/shareholder of General Mortgage, Inc., shall immediately designate a compliance officer for General Mortgage, Inc., and provide written notification to OFIS of the compliance officer's name and business address, to ensure that General Mortgage, Inc. is in compliance with all applicable state and federal laws. Respondent's written notice designating a compliance officer shall accompany General Mortgage, Inc.'s

payment of a civil fine as provided for in Paragraph 2 of this Order. Respondent, as the sole officer/director/shareholder of General Mortgage, Inc., shall notify the Office of Financial and Insurance Services of any change in designation of the compliance officer within 30 days of such re-designation.

7. Respondent, as the sole officer/director/shareholder of General Mortgage, Inc., shall not utilize independent contractors for mortgage loan origination unless they are: 1) licensed or registered under the MBLSLA; 2) exempted from the MBLSLA under Section 25; or 3) licensed as a class I licensee under the Consumer Financial Services Act.

The Chief Deputy Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary, and appropriate in accordance with the provisions of the MBLSLA. Failure by Respondent to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.


Frances K. Wallace
Chief Deputy Commissioner